

**THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE CITY OF TUCSON,
ARIZONA**

**Minutes of the Special Meeting
of the Board of Directors**

December 11, 2009

At the
Ward VI Council Office East Meeting Room
3202 East First Street
Tucson, Arizona 85716

Present:

Board Members	Marilyn Robinson Christopher Carroll Gary Bachman Pam Sutherland Maggie Amado-Tellez Adam Weinstein (4:15 p.m.) Randi Dorman (4:15 p.m.)
Staff	Gary Molenda, Business Development Finance Corporation Karen J. Valdez, Business Development Finance Corporation Charles W. Lotzar, Lotzar Law Firm, P.C.
Guests	Cheryl Berry, Pueblo Parking Systems, LLC Swain Chapman, Pueblo Parking Systems, LLC Mark Petrasso, Wells Fargo Bank Avivah Fluhr
Absent	Evelia Martinez

The Special Meeting of the Board of Directors of The Industrial Development Authority of the City of Tucson, Arizona (the “**Authority**”) was held on **December 11, 2009**, at the Ward VI Council Office, 3202 East First Street, Tucson, Arizona. All Authority’s Board Members and the general public were duly notified of the meeting. C. Lotzar explained that Arizona’s Open Meeting Laws allow for members of the Authority’s Board of Directors and legal counsel to appear and participate in the meeting telephonically so long as all participants in the meeting can hear and be heard.

ITEM	ACTION TAKEN/TO BE TAKEN
I. Call to Order.	The meeting was called to order at 4:08 p.m. with a quorum present.
II. Request for resolution to approve the minutes of the Board of Director’s Regular Meeting of November 12, 2009. Marilyn Robinson requested the following correction under item #IV: “...there are 93 parking meters within <u>a 3-block</u> walking distance of the restaurant...”	A MOTION was made and seconded (C. Carroll / G. Bachman) to approve the November 12, 2009 meeting minutes as amended. Approved 5-0.
III. Request for resolution to approve the payment of invoices and the notification of items to be paid on the Authority’s behalf by third parties.	A MOTION was made and seconded (G. Bachman / C. Carroll) to approve payment of

<p>K. Valdez presented items to be paid on the Authority's behalf for the month of November 2009. P. Sutherland requested copies of invoices with back-up to be included in the Board Packet.</p>	<p>invoices as presented. Approved 4-1 (1 abstention – P. Sutherland)</p>
<p>IV. Status Report and discussion regarding operations of the Authority's parking lots.</p> <p>C. Berry reviewed the monthly reports for both parking lots noting that Pueblo Parking Systems, LLC ("PPS") inadvertently did not collect its November 2009 payment for management fees or accounting fees. Payment for these November 2009 expenses will be reflected in the December 2009 accounting report for both the Block 175 and Stone/Council parking lots. Included in the report is the proposed 2010 budget for both lots and was reviewed with the Authority. It was noted that the review of the 2010 budget and action will take place at the Regular Meeting in January 2010.</p> <p>Discussion ensued regarding lighting options with the Dusk to Dawn package. Pictures of the lighting pole included in package were distributed for review. It was noted that an installation fee for the program will be charged starting in January 2010. Discussion ensued regarding height of poles. A. Weinstein suggested looking into other options that may require additional expense but may be more acceptable to the neighborhood.</p> <p>R. Dorman questioned what the long term goal for the lot is. It was the consensus of the Authority's Board of Directors that best use of the lot be placed on the Board Retreat Agenda. Given the current market situation, it is anticipated that the Authority will retain property as parking lots for the next 24 – 36 months.</p> <p>C. Berry noted that the Dusk to Dawn program is a 4-year contract, but it can be bought out.</p> <p>M. Robinson discussed the possibility of putting out a Request For Proposal ("RFP") to University of Arizona students as a project for: landscaping, lighting, etc. Ms. Robinson stated that this would be a good research project for the students and the lots can be made more neighborhood/community friendly relative to signage, lighting and landscaping. This would be at no cost to the Authority.</p> <p>P. Sutherland questioned the timing issue. It was noted that it will take an estimated 2 months to get lighting with another 3 months moratorium for educating and ticketing. It was also noted that the resolution that was passed at the last Authority meeting, authorized A. Weinstein and C. Carroll to make final decisions as it pertains to lighting on Block 175.</p> <p>M. Robinson reviewed a letter received from Richard Vaughan, Senior Vice President of the Metropolitan Tucson Convention & Visitors Bureau that was previously sent to all of the Authority's Board of Directors by e-mail on November 30, 2009. M. Robinson stated that she will respond to Mr. Vaughan on behalf of the Authority. Discussion ensued and it was noted that to date, no response or counter proposal, has been received from either Ms. Carlotta Flores or Mr. Ray Flores, Jr., owners of El Charro Restaurant, to any options offered by the Authority. It was noted that there has been no interest from the City of Tucson on providing any kind of parking subsidy relative to this situation. Discussion ensued and M. Robinson provided a summary of events to date. It was noted that the press/media has all information regarding the transfer of property from the Downtown Development Corporation of Tucson, Arizona ("DDC") to the Authority. The Authority has been very thorough in responding to requests for information.</p> <p>C. Berry and S. Chapman reviewed the proposed 2010 budgets for both Block 175 and Stone/Council parking lots with the Authority. The Authority was asked to review the budget for action to be taken at the Regular Meeting in January 2010.</p>	

<p>V. Status report and discussion concerning the scheduling of the Authority's Regular Meeting for the next calendar year and publication of public notice associated therewith.</p> <p>K. Valdez reviewed the memorandum to the Authority dated December 7, 2009 that provides a list of meeting dates based on the historical schedule of the 2nd Thursday of every month with all meetings to be held at 4:00 p.m. It was noted that meeting room space is unavailable at the Ward VI Council office for that time period beginning January 2010. Discussion ensued regarding a change in meeting time and it was the consensus of the Authority's Board of Directors that morning meetings would work best. Staff was directed to secure a meeting location on the 2nd Thursday of each month from 9:30 a.m. to 11:30 a.m. C. Lotzar stated that in compliance with the open meeting laws, a notice will be published with a list of all Regular Meetings of the Authority as soon as dates, time and location are determined.</p>	
<p>VI. Discussion, potential Executive Session, and request for resolution regarding (a) the assembly of downtown real estate, including negotiations with the City of Tucson related to transfer of ownership of land and various actions related to the acquisition of real estate from the Arizona Department of Transportation ("ADOT"), (b) establishment of a loan fund that would provide financing to qualified applicants upon terms acceptable to the Authority related to acquisition, renovation, or development of downtown real estate, (c) collaboration between the Authority and other community stakeholders to establish a loan fund that would provide financing to qualified applicants upon terms acceptable to the Authority related to acquisition, renovation, or development of downtown real estate, and (d) exploring opportunities with other stakeholders related to potential financing mechanisms or sources of funds related to acquisition, renovation, or development of downtown real estate. Pursuant to Arizona Revised Statutes Section 38-431.03(A)(3), (4) and/or (7) the Authority may vote to recess and meet in Executive Session for the purpose of (i) discussion or consultation for legal advice with the Authority's legal counsel in connection with this item, (ii) discussion or consultation with and to provide direction to the Authority's legal counsel in connection with this item, and (iii) discussions or consultations with members of the Board of Directors, its staff and legal counsel to consider its position and instruct them regarding negotiations for the purchase, sale or lease of real property, specifically the real property involved in connection with this item. Any action taken by the Authority regarding this matter will be taken in open meeting session (either at this meeting or at a later date) after the adjournment of the Executive Session.</p> <p>As a follow-up to last meeting, G. Molenda reviewed a matrix prepared by the Authority's staff as an effort to identify possible financing tools, roles and responsibilities of particular parties as applicable to the Tucson Warehouse Arts District. G. Molenda stated that the Authority's resources consist of cash and real estate assets that may facilitate leverage for a secured line of credit. The role of the Authority could be to borrow and re-lend. Financing tools that were reviewed:</p> <ol style="list-style-type: none"> 1) Line of Credit (secured); 2) Taxable Bonds; 3) Tax-Exempt Bonds; 4) Investment Fund (equity); 5) CDFI New Markets Tax Credits; 6) Community Facilities District; 7) CDBG funds, including CDBG float loans; 8) HUD Section 108 loans; 9) Historic Tax Credits; 10) SBA 504 and 7a loans; and 11) the American Recovery and Reinvestment Tax Act of 2009's (the "ARRA") Recovery Zone Economic Development Bonds ("RZEDB") or Recovery Zone Facility Bonds ("RZFB") and Build America Bonds ("BABs"). 	<p>A MOTION was made and seconded (C. Carroll / G. Bachman) to submit a bid of appraised value on 450 N. Main Avenue to ADOT for purchase of the property. Approved 5-2 (2 Abstentions: R. Dorman and P. Sutherland).</p>

<p>With regard to Community Facilities Districts, C. Lotzar commented that Arizona State Statute is one of the best so as far as infrastructure financing goes; the Authority has a lot of flexibility and structuring abilities.</p> <p>P. Sutherland requested that the Authority's staff provide a summary of BDFC loan programs and information on Economic Development Administration Grants (“EDA Grants”). P. Sutherland requested that the Authority's staff contact banks in order to determine what the maximum amount of financing the Authority can get for a line of credit and also to obtain real numbers, for the same amount, to determine cost versus benefit of:</p> <ol style="list-style-type: none"> 1) line of credit; 2) taxable bond issuance; or 3) investment pool. <p>It was suggested that the information gathered regarding financing tools cost versus benefit could be used to prepare a proposal that could then be taken to The Industrial Development Authority of the County of Pima for a possible partnership and matched amount.</p> <p>With regard to 450 N. Main Avenue (“Arts BBQ”), G. Molenda provided background information noting that the acquisition of the Arts BBQ site will involve land donated or gifted to the Authority by the City of Tucson with the condition that the land be assembled with the Arts BBQ site, should the Authority be successful in obtaining from ADOT. A restriction would then be placed on the assembled property that it be used for affordable housing and mixed use. Due diligence has been completed and signed off by both G. Molenda and C. Lotzar noting that there was nothing seen that was unusual or out of the ordinary. Issues that were noted:</p> <ol style="list-style-type: none"> 1) affordable housing component will require a large amount of subsidy to obtain affordability; 2) property is located in a flood plain; 3) no access to alley; and 4) no due diligence was conducted inside the existing building; which will presumably be demolished. <p>Recommendation is to acquire the Arts BBQ site and issue a Request for Proposals (“RFP”) to developers for sale and development of the property. Discussion ensued and it was noted that cost to the Authority would be \$161,000 appraised value plus closing costs and legal fees.</p>	
<p>VII. Request for resolution approving the Authority’s audited financial statements for the fiscal year ended June 30, 2009 as prepared by the Authority’s auditor.</p> <p>K. Valdez noted that the e-mailed version had DRAFT stamped on it, however, it is the final version of the audited statements. M. Robinson asked that the Authority's Board members review and action for approval will be taken at the Regular Meeting in January 2010.</p>	<p>TABLED</p>
<p>VIII. Discussion and request for resolution regarding the establishment and appointment of Authority's Adhoc or Advisory Committees in preparation of an Authority Board Retreat.</p> <p>After brief discussion, it was the consensus of the Authority to establish the following Advisory Committees:</p> <ul style="list-style-type: none"> ➤ Administrative/Executive Committee: M. Robinson, G. Bachman, C. Carroll, M. Amado-Tellez ➤ Private Activity Bond Marketing: P. Sutherland, A. Weinstein, G. Bachman 	

<ul style="list-style-type: none"> - develop a PAB marketing strategy that would have the support of M&C ➤ Loan Committee: M. Amado-Tellez, A. Weinstein, E. Martinez ➤ Parking Lots: C. Carroll, A. Weinstein, M. Robinson ➤ 450 N. Main Avenue RFP Committee: M. Amado-Tellez, C. Carroll, G. Bachman ➤ Warehouse Arts District: R. Dorman, P. Sutherland ➤ Economic Development / Marketing: R. Dorman, P. Sutherland, E. Martinez <ul style="list-style-type: none"> - interfacing with Tucson Regional Economic Opportunities, Inc. ("TREO") - link to business community <p>The Authority Retreat is to be scheduled in January 2010. Discussion ensued and it was the consensus of the Authority that this item be finalized / revisited at the Special Meeting in January 2010.</p>	
IX. Staff Reports <ul style="list-style-type: none"> ➤ Outstanding Single Family Programs ➤ City of Tucson requirements on membership on the Authority's Board of Directors and amendment to the City Ordinance related thereto 	TABLED
X. Presidents Report Brief summary of current events, including items brought to the President's attention or matters that required handling by the President since the last meeting. <ul style="list-style-type: none"> ➤ R. Dorman provided information to the Authority regarding the MOCA Gala that will be held in the new facility at the Fire House. ➤ G. Bachman stated that the public process for the 5 year consolidated plan for Pima County/City of Tucson began this month with a series of meetings to be held regarding: affordable housing, community development and economic development, etc. 	
XI. Call to the Public: This is the time for the public to comment. Members of the Authority's Board of Directors may not discuss items that are not specifically identified on the Agenda. Therefore, pursuant to Arizona Revised Statutes Section 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. <p>There was no one present in the audience who wished to address the Authority.</p>	
XII. Adjourn Special Meeting.	A MOTION was made and seconded (G. Bachman / R. Dorman) to adjourn the meeting. Approved 7-0 – meeting adjourned at 6:30 p.m.

Submitted by:

Approved by:

Karen J. Valdez
Business Development Finance Corporation

Marilyn Robinson, President
The Industrial Development Authority of the
City of Tucson, Arizona